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UNIVERSITY OF MARYLAND
COLLEGE PARK 20742

OFFICE OF THE VICE PRESIDENT
FOR AGRICULTURAL AFFAIRS

November 15, 1973

The Honorable Y. D. Hance
Secretary of Agriculture
Maryland State Department of Agriculture
Parole Plaza Office Building
Annapolis, Maryland 21401

Dear Secretary Hance:

Transmitted herewith are copies of an Interim Report of the Committee On The Preservation of Agricultural Land.

The Committee believes it is important for the State to make plans for preserving its agricultural land and has clearly set forth its rationale. Subject to further study, one of our subcommittees has suggested that two-and-one-half million acres of the State's six million acres of land should be kept in agricultural use.

The Committee has studied past and present efforts to preserve agricultural land in Maryland, and in other states and foreign countries. We believe the present Maryland Farmland Assessment Law has been effective in keeping land in agriculture and should be continued. The Committee feels that modification of federal estate tax, state inheritance tax, and gift tax laws could be of considerable importance in keeping land in farming.

We will actively continue the work of the Committee with the objective of developing specific recommendations for preservation of agricultural land in Maryland. We hope that most of the work of the Committee can be completed by the end of February, and that we can hold hearings on our proposals in March. Our final report should be ready for your use by June 1, 1974, so that you may consider a presentation to the Legislative Council during the summer.

The Honorable Y. D. Hance
Secretary of Agriculture
November 15, 1973

I want to express my deep and sincere appreciation to all members of the Committee for their dedicated efforts in moving the work of the Committee forward. As you will note from the subcommittee reports, a tremendous amount of work has been accomplished. Much remains to be done, but with the obvious interest and dedication of all members of the Committee we will be able to make some final recommendations that we hope will be of benefit to the future of Maryland Agriculture.

Sincerely yours,

A handwritten signature in cursive script, reading "Frank L. Bentz Jr.", written in dark ink.

Frank L. Bentz, Jr.
Chairman, Committee On The
Preservation of Agricultural Land

FLBJr:rf

SENATE JOINT RESOLUTION NO. 43

"directing the Secretary of the Department of Agriculture to undertake a comprehensive study of ways and means to preserve agricultural land in Maryland and prepare a long range plan and any recommendations deemed appropriate for such preservation, and for related purposes."

BY SENATORS JAMES AND BOYER - Economic Affairs

BY the SENATE, March 2, 1973.
Introduced, read first time and referred to the
Committee on Economic Affairs
By order, ODEN BOWIE, Secretary.

SENATE JOINT RESOLUTION

No. 43

1 Senate Joint Resolution directing the Secretary of the
2 Department of Agriculture to undertake a
3 comprehensive study of ways and means to preserve
4 agricultural land in Maryland and prepare a long
5 range plan and any recommendations deemed
6 appropriate for such preservation, and for related
7 purposes.

8 WHEREAS, Agricultural land is an exhaustible
9 resource of the State which, once removed from
10 agriculture, is forever lost for crop and food
11 production, and for open space uses; and

12 WHEREAS, Although approximately 50% of Maryland's
13 total land area is farm, Maryland's agricultural land
14 is rapidly disappearing with an estimated 35,000 acres
15 of farm land annually being purchased for speculation
16 and development, and approximately 18,000 acres a year
17 being converted to urban, commercial, or other
18 non-agricultural use; and

19 WHEREAS, Continuing pressures, by way of high land
20 assessments and taxes, the encroachment of strip and
21 scattered development in rural areas and by nearby
22 cities, and growing urbanization, threaten the
23 destruction of Maryland's rural environment and the
24 disappearance of its valuable agricultural land for
25 agricultural purposes; and

26 WHEREAS, Maryland should not become one large
27 urban development without any balanced agricultural
28 economy; and

29 WHEREAS, It is essential generally to Maryland's
30 economic and environmental stability and growth, and
31 particularly to maintain an agricultural economy in
32 the State, to preserve a sufficient acreage of prime
33 agricultural land; and

1 WHEREAS, Heretofore there was no department of
2 State government actively to expound the point of view
3 of the farmers and agricultural community and protect
4 the vitality of the agricultural industry from
5 destruction; and

6 WHEREAS, By act of the General Assembly in the
7 1972 session there was created a Department of
8 Agriculture with the responsibility, among others, to
9 promote and preserve agricultural farm lands,
10 activities and industries as a source of economic and
11 environmental satisfaction and food supply for
12 generations to come in Maryland; and

13 WHEREAS, Other States, also faced with the need to
14 preserve and plan the use of agricultural lands, are
15 studying or have adopted courses of action to take,
16 such as the creation state-wide of agricultural
17 districts, exclusive agricultural zoning, equitable
18 assessment treatment, deferred or rollback tax plan,
19 purchase of development rights, and other ways and
20 means in order to provide the incentive and protection
21 to maintain and preserve the rural environment and
22 agricultural lands; and

23 WHEREAS, For the foregoing reasons it is both
24 desirable and imperative that a study and plan be made
25 to determine the best means of protecting Maryland's
26 agricultural land; now, therefore, be it

27 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That
28 the Secretary of the Department of Agriculture is
29 directed to undertake a comprehensive study of ways
30 and means to preserve agriculture land in Maryland and
31 prepare a long range plan and any recommendations he
32 deems appropriate in order for such preservation; and
33 be it further

34 RESOLVED, That the Department of Agriculture seek
35 the assistance and cooperation of any unit of State
36 government or the federal government in the conduct of
37 such a study; and be it further

38 RESOLVED, That such a study and long range plan
39 and recommendations be completed by October 1, 1973,
40 and thereupon presented to the Legislative Council of
41 Maryland for the Council to consider and take whatever
42 action it deems advisable; and be it further

43 RESOLVED, That copies of this Resolution be sent
44 to the Governor of Maryland; to the Secretary of the
45 Department of Agriculture of Maryland; and to the
46 Secretary of the Legislative Council.

MEMBERSHIP OF THE
COMMITTEE ON THE PRESERVATION OF AGRICULTURAL LAND,
APPOINTED BY THE HONORABLE Y. D. HANCE,
SECRETARY OF AGRICULTURE,
AND CONSULTANTS SERVING WITH THE
COMMITTEE AND SUBCOMMITTEES

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A RESUME OF COMMITTEE WORK
TO NOVEMBER 6, 1973

The following outline for the Study of The Preservation of Agricultural Land in Maryland was developed:

- I. The Charge to the Committee
- II. Rationale for Preserving Agricultural Land in Maryland
- III. The Current Situation and Trends in Agricultural Land Use in Maryland
 - A. Characterize Maryland Agriculture and its contributions to the economy of Maryland.
 - B. How much farmland?
 - C. Where is it located?
 - D. What is its capability?
 - E. How much farmland is being converted to other uses?
Reasons--including state and local regulations and policies.
 - F. What problems is this conversion causing?
 - G. Present laws and regulations relating to land use in Maryland.
- IV. Future Non-agricultural Demands On Land in Maryland
 - A. Population predictions
 - B. Needs for
 - (1) Housing and industry
 - (2) Utilities including water supply
 - (3) Roads and airports
 - (4) Recreation
 - (5) Waste disposal
- V. How Much Agricultural Land Should Be Preserved in Maryland?
 - A. What kinds of land should be preserved?
 - B. How much of each kind?
 - C. Where located?
 - D. Minimum size of area to be preserved?

VI. Past and Present Efforts to Protect Agricultural Land

A. In Maryland

- (1) Farmland Assessment Law
- (2) Zoning
- (3) Governor's Commission On Preservation of
Agricultural Land
- (4) Bills under consideration:
 - a. James Bill
 - b. Arnich Bill
 - c. Goodman Bill

B. In other states and countries

- (1) New Jersey
- (2) New York
- (3) California
- (4) Florida
- (5) Other

C. Effect of Inheritance Tax on Land Use

VII. Programs or Practices for Agricultural Land Preservation in Maryland

IX. Recommendations

PROCEDURE

The preliminary work of the Committee was divided and assigned to Subcommittees as listed below:

- I. Rationale for Preserving Agricultural Land in Maryland

| | |
|-----------------------------|--------------------|
| Ronald L. Johnson, Chairman | Mrs. William Kilby |
| Frank Wadsworth, Secretary | George Lechliden |
| Anthony F. Abar | |
- II. Current Situation and Trends in Agricultural Land Use in Maryland

| | |
|------------------------------|-----------------|
| Graham Munkittrick, Chairman | Vernon Magness |
| Sam Linton, Secretary | Edwin L. Thomas |
| Senator James Clark, Jr. | |
- III. Future Non-Agricultural Demands on Land in Maryland

| | |
|---------------------------|--------------------|
| Edwin L. Thomas, Chairman | Mrs. William Kilby |
| Jerome Klement, Secretary | Vernon Magness |
| Earl H. Hodil | Jacob M. Yingling |
- IV. How Much Agricultural Land Should Be Preserved in Maryland?

| | |
|-----------------------------|-----------------------------|
| T. Allan Stradley, Chairman | Delegate John R. Hargreaves |
| Fred Miller, Secretary | Graham Munkittrick |
| Bruce E. Crum | Edwin L. Thomas |
| Charles E. Anthony, Jr. | |
- V. Past and Present Efforts to Preserve Agricultural Land in Maryland

| | |
|---------------------------|-------------------------|
| Bruce E. Crum, Chairman | Charles E. Anthony, Jr. |
| Douglas Wilson, Secretary | Ronald L. Johnson |
| James L. Bushey, Sr. | Jacob M. Yingling |
- VI. Past and Present Efforts to Preserve Agricultural Land in Other States and Countries

| | |
|----------------------------|-----------------------------|
| George Lechliden, Chairman | Delegate John R. Hargreaves |
| Sidney Ishee, Secretary | Earl H. Hodil |
| Anthony F. Abar | Leonard E. Lowry |
- VII. Inheritance Tax

| | |
|------------------------------------|----------------------|
| Senator James Clark, Jr., Chairman | James L. Bushey, Sr. |
| Marvin Bennof, Secretary | Leonard E. Lowry |
| J. Kent Riegel, Consultant | T. Allan Stradley |

SUMMARY OF SUBCOMMITTEE REPORTS*

*Copies of the complete reports of the Subcommittees
may be found in the Appendix.

Subcommittee I -- Rationale for Preserving Agricultural Land in Maryland
Ronald L. Johnson, Chairman

Agricultural land must be preserved in Maryland. It is one of the State's prime resources. The wise use of this land is both an immediate and long-time concern of our total society. It is a must in the maintenance of our environmental quality, economic stability, and the continuance of our way of life.

An effective land use policy that assures the preservation of adequate agricultural land benefits the State's total population in many ways, such as:

1. Preserves a way of life with its unique cherished values.
2. Provides fresh, high quality food at reasonable costs at locations close to the consumer.
3. Contributes to a stable economy by providing job opportunities, income, and markets for the resources of production.
4. Contributes to the nation's balance of payments by providing food and fiber for export.
5. Provides reserve food production capacity to meet the future needs of our expanding population.
6. Provides wood products from farm wood lots.
7. Maintains the quality and beauty of the environment.
8. Maintains outdoor recreational facilities.
9. Provides areas for recycling of solid and liquid waste.
10. Protects mineral resources from pre-empted.
11. Provides productive, taxpaying, privately maintained agricultural open spaces.
12. Provides for orderly development and growth.
13. Protects the hydrologic integrity of watersheds.

Subcommittee II -- Current Situation and Trends in Agricultural
Land Use in Maryland
Graham T. Munkittrick, Chairman

Summary, Status and Trends

Farm products --

agriculture comprises 14% of state's gross product
food processing business in Maryland -- \$2 billion
farm products sold in 1972 -- \$414.7 million
annual increase per year -- 2% or approximately \$8 million
farm products to be sold in 1976 -- \$472 million
farm products to be sold in 1986 -- \$552 million

Farms and farmland --

number of farms in 1969 -- 17,180
number of commercial farms in 1969 -- 11,590
expected number of farms in 1986 -- 10,500 -- average 229 acres
land in farms in 1964 -- 3.18 million or approximately 50%
land in farms in 1969 -- 2.93 million or approximately 44.3%
land in farms in 1986 -- 2.4 million or approximately 38%
will lose approximately 35,000 acres each year
could have more land in urbanization by year 2000 than cropland
agricultural land (Class I, II, III) -- 3.48 million acres
agricultural land lost to urban -- 200,000 acres
Piedmont region -- 30.3% state land area; Class I, II, III land, 968,277 acres
Eastern Shore -- 34.3% state land area; Class I, II, III land, 1,571,508 acres
Western Maryland -- 15.7% state land area; Class I, II, III land, 337,760 acres
Southern Maryland -- 19.7% state land area; Class I, II, III land, 550,662 acres

Capital -- Management --

average investment, real estate per farm, 1969 -- \$104,370
average investment, machinery and equipment per farm, 1969 -- \$9,775
average investment, livestock per farm, 1969 -- \$6,348
total expected investment, 1986 -- \$4.6 billion
average investment per farm, 1986 -- \$438,000
total number family farms, 1969 -- 87%
total number farm corporations -- 11.5%
(including family corps)

Labor --

average number of workers -- 32,000
average number of family farm members -- 24,000

Conclusions

More demand for food from both domestic and foreign markets will maintain higher farm prices. This will result in a continued, viable agricultural economy in Maryland.

While production costs will be higher in the future, it is expected that return on investment, excluding land, will remain above 15%.

Competition for land, labor, and capital will be greater from non-agricultural industries. The state can expect to lose 35,000 acres per year of agricultural land. Not only does this mean less farms, but loss of one of the state's only renewable natural resources--land. Once paved over, it is lost forever.

Such haphazard, scattered, and incompatible development of agriculture and forest land can waste a large percentage of our soil and water resources. While there are laws to protect certain critical areas in our state, there are none which protect our agricultural lands.

Need

A land use policy to protect and preserve the agricultural land resources of the state for this and future generations to provide adequate food supplies, taxable open space, recreation, protect watersheds, and a way of life.

Subcommittee III -- Future Non-Agricultural Demands On Land in Maryland
Edwin L. Thomas, Chairman

This report has attempted to assist in determining the need for preservation of agricultural land in Maryland by revealing the non-agricultural demands and population growth trends of the past and for the future.

Facts and Trends

1. If present land consumption trends continue, Maryland's land area will support an average density of 623 people per square mile in the year 2000. The 1970 density was 397 people per square mile.
2. Since 1949, more than 1.2 million acres have been withdrawn from agricultural use. The rate of decline has averaged 62,600 acres per year.
3. Total land committed to non-agricultural use, including urban related development and park and open space acreages, will nearly double from 1.0 million acres in 1970 to 1.7 million acres in 2000.
4. Regional growth trends indicate that by the year 2000, 45% of the Metropolitan Baltimore region and 50% of the Suburban Washington region will be committed to urban related development and open space.
5. Residential area commitments amounted to 351,000 acres, or 5.5% of Maryland's land area in 1970. By 2000, 483,000 acres, or 7.6% of the land area, will be utilized for residential purposes if development trends continue.
6. Available commercial forest area data indicate that acreage is decreasing at a Statewide rate of 8.8% per year. If this rate continues, commercial forest area will decrease from 2.5 million acres in 1970 to 1.7 million acres in 2000.
7. Statewide managed open space acreage is expected to increase from 210,000 acres in 1970 to 330,000 acres by 1990.
8. Large acreages of land are also held by speculative forces in anticipation of future development. These lands are usually not available for serious agricultural endeavor. The complexity of forces in the land conversion process makes a quantification of these acreages virtually impossible.

Agricultural land preservation techniques can, therefore, only be based in part on accommodation of future population growth and non-agricultural commitments. The forces influencing the future of agricultural land

are, in many cases, not directly land-oriented. There are national economic policies and international trade policies that influence the competitive framework within which individual decisions are made that ultimately determine the future use of today's farmland.

Subcommittee IV -- How Much Agricultural Land Should Be Preserved
in Maryland?

T. Allan Stradley, Chairman

Currently there is a total of 2.7 million acres in farms in Maryland. The Subcommittee proposes 2.5 million acres as a tentative preservation goal for farmland in the State. The Subcommittee has not yet decided whether goals should be established for each county.

The State Planning Department is providing data resources in the form of Natural Soil Group Maps and land use inventory over-lays. These are to be available in January and will provide another basis for delineating the productive agricultural lands of our State. This information is essential in making final recommendations concerning the total amount, kind, and location of agricultural land to be preserved.

Preservation areas should not be limited to Class I and II land, but should encompass special and unique lands--for orchards, tobacco, pastures, etc.

Subcommittee V -- Past and Present Efforts to Preserve Agricultural
Land in Maryland
Bruce E. Crum, Chairman

The Maryland Farmland Assessment Law originated in 1955 and influenced similar laws in many other states. Although the law has been under attack because of benefits to land speculators, assessment of farmland on the basis of agricultural use value has made it possible for many bona fide farmers to continue farming. It has slowed the rate of transfer of agricultural land to other uses. On a long-term basis, however, this measure alone will not be sufficient to assure preservation of adequate areas of agricultural land.

Zoning is the principal measure used to guide land development. In Maryland there have been no zoning categories in which agriculture is the preferred use--agricultural use has always been considered the lowest use of land. With categories giving preference to farming and with proper administration, zoning could be an effective means of preserving agricultural land.

In 1967 Governor Agnew appointed a Commission to Study Agricultural Land Preservation. Some of the Commission's recommendations were:

1. Continue assessment of land devoted to agriculture on the basis of its agricultural use rather than market value.
2. Establish an appeal review board.
3. Develop a single definition for agricultural use.
4. Recommended restricting limitations in farmland assessment laws; i. e., acreage, sale price, gross farm sales, etc.

The Commission objected to certain proposed exclusions as not providing for special intensive agriculture crops on limited acreage, and objected to limitations on farmers with other non-farm income sources.

These recommendations were presented to the Legislative Council in 1968 and undoubtedly influenced amendments to the Farmland Assessment Law.

Increased interest in land use bills in the 1973 Legislature created the Goodman bill--Senate Bill 254--providing the concept of "development rights." The bill was not favorably received in the Maryland Legislature

but served as a basis for the New Jersey Blueprint Commission plan for preserving agricultural land.

Several other bills--including House Bill 341, Senate Bill 362, and Senate Bill 728--had similar objectives. The agricultural community, along with others, had a number of concerns regarding the bills and positive action was deferred.

The Subcommittee recommended that:

1. The Maryland Farmland Assessment Law be continued in present form.
2. Agriculture should have a strong voice in future legislation relating to land use.
3. The development rights concept be given careful consideration with the development of agricultural districts.

Subcommittee VI -- Past and Present Efforts to Preserve Agricultural
Land in Other States and Countries
George E. Lechliden, Chairman

The concern for the preservation of agricultural land is primarily a development beginning after 1950. This concern was aroused by the:

1. Near irreversibility of use of land after being lost from agriculture.
2. Degradation of environmental quality when agricultural land is converted to urban use.
3. High cost of public service to urban sprawl communities.
4. Incompatibilities of urbanized and agricultural use of adjacent lands.
5. Rising costs of food and fiber.

Some earlier action of both state and local government units to preserve agricultural land included:

1. Acquisition
2. Planning
3. Zoning
4. Modification of taxation
5. Enforcement of certain easements

In most cases these efforts have been of a localized nature and have not effectively preserved significant quantities of agricultural land. These techniques, however, are worthy of note and may be useful tools in preserving agricultural land in certain situations.

More recently states have adopted new methods to preserve their agricultural lands. In its Agricultural District Act, the State of New York:

1. Makes it possible for groups of farmers to form agricultural districts.
2. Prohibits enactment of local ordinances which might interfere with agricultural operations.

3. Provides limitations on the right of eminent domain.
4. Controls public money spent on providing public utilities in these districts.
5. Provides opportunity to farmers to receive agricultural use-value assessment.

The Blue Print Commission on the Future of New Jersey Agriculture indicates:

1. Its objective is to preserve one million acres in New Jersey for agricultural use.
2. Each municipality will be asked to set aside 70% of its prime agricultural land for permanent agricultural use.
3. A tax on all land transfers in the state will be proposed to pay farmers for the development rights to their property for permanently placing farms in agricultural preserves. The development rights represent the difference between agricultural use value of the property and fair market value.

California and Washington require that land be dedicated to agricultural use for a period of ten years in order to receive agricultural use value assessment.

One or more of the techniques mentioned above may be useful in differing circumstances in preserving agricultural land in Maryland. The New York and New Jersey plans, in particular, merit careful consideration.

Subcommittee VII -- Changes in Estate Tax Laws As A Means of
Preserving Agricultural Land
Senator James Clark, Jr., Chairman

Current laws affecting Federal Estate Tax, State Inheritance Tax, and Gift taxes are based on fair market value assessments and not on agricultural value. As a result, heirs of an estate who may wish to continue farming are often faced with an estate tax so large that they must sell all or part of the farm and are, therefore, forced out of agriculture. Changes in federal and state estate tax laws could, therefore, help preserve agricultural land.

The Subcommittee proposes that a decedent's farmland estate be assessed on two bases:

1. Value of land similarly situated in surrounding area.
2. Value of the land as farmland.

If the land is retained in farming the estate would only be liable for taxes based on 2 above. The difference in taxes between 2 and 1 above would become a lien on the land. If and when the land is sold or converted to non-farm use, the lien would become due and the difference in taxes paid. In this situation the owner should receive sufficient cash to cover the tax bills.

PLANS THAT HAVE POSSIBILITIES FOR APPLICATION IN MARYLAND

The many plans studied by the subcommittees reveal several that we believe have practical application to the needs in Maryland.

The New York Agricultural District Plan has many attractive features as it encourages the preservation of agricultural land and, where desirable, provides an orderly transfer of land for other purposes.

This program makes it possible for groups of interested farmers to form their own Agricultural Districts with powers to prohibit local ordinances that would interfere with agricultural operations and provides several features that are favorable to continuing the land in agriculture.

Another program meriting our State's favorable consideration is the Proposal of the Blue Print Commission on The Future of New Jersey Agriculture. The objective is to preserve a specific acreage for agricultural use, asking each municipality in the state to set aside a percentage of its prime agricultural land for preservation. The Plan includes a proposal to levy a tax on all land transfers that would be used to pay farmers for the development rights for their lands that have been placed in agriculture preserves.

More details on these two plans can be found in the summary of the report of Subcommittee VI. Possibly a hybrid including some features of these and other plans should be developed.

I am proposing the naming of a small task force of selected committee members and consultants to analyze the several plans by charting special features, such as: If we did several specific plans, what would be the probable costs, anticipated results, etc.? It is believed this type of analysis would aid the committee in finalizing its recommendations and make them better understood by the agricultural community.

A third plan that would help maximize the preservation of agricultural land would be a revision of current tax laws affecting the Federal Estate Tax and the State Inheritance Tax. This proposal is further explained in the report of Subcommittee VII.

AREAS NEEDING FURTHER STUDY

A continuing study of programs and plans for the preservation of agricultural lands being employed in other states is recommended.

A major work has not been completed in the determination of the amount, kinds, and location of the land to be preserved. These decisions have been delayed awaiting the opportunity to review Natural Soil Group Maps and the land use over-lays being prepared by the State Department of Planning, to be available in late January 1974. It is believed this material will aid the Committee considerably in its final delineation and defining of the types of land to be preserved.

A third matter (unfinished business) before the Committee is the preparation and the proper introduction of legislation that would modify current estate and inheritance tax laws that would enable the heirs of agricultural land to continue its use in agriculture, rather than be forced to sell a portion or all of the land to pay the estate taxes.

In summary, the Committee still has work to do in deciding: the best plans for preserving agricultural land; how much should be preserved; the type to be preserved; and the location of land to be preserved. In addition, it has a responsibility to assist in developing the legislative tools to achieve the ultimate objective--the preservation of adequate "agricultural land" in the State of Maryland.

TIMETABLE FOR COMPLETION OF WORK

A final report, including draft legislation, should be completed on or before June 1, 1974. This would enable the Secretary of Agriculture to present the recommendation to the Legislative Council during the summer, if he so desires. If favored by the Council, it could be further considered by the Legislature in 1975.

The above proposed schedule makes it desirable to try to reach final conclusion on the recommendation by mid-March, thereby providing time for some hearings with interested groups before drafting the final report to the Secretary of Agriculture.

APPENDIX*

*Contains full reports of Subcommittees I through VII in selected copies only. These Subcommittee reports have previously been distributed to all members of and consultants to the Committee On The Preservation Of Agricultural Land.